

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Application of CATALINA CHANNEL EXPRESS, INC. (VCC-52), a California Corporation, to increase the baseline rates for its vessel common carrier service and to retain its existing Zone of Rate Freedom.

A.

**APPLICATION
[PUBLIC VERSION]**

Thomas J. MacBride, Jr.
Breana M. Inoshita
DOWNEY BRAND LLP
455 Market Street, Suite 1500
San Francisco, California 94105
Telephone: 415.848.4800
Facsimile: 415.848.4801
tmacbride@downeybrand.com

Date: February 24, 2023

Attorneys for Catalina Channel Express

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A.

APPLICATION
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I. INTRODUCTION-STATEMENT OF RELIEF SOUGHT-Rule 2.1

Pursuant to Section 454 of the Public Utilities Code¹ and Rule 3.2 of the Commission’s Rules of Practice and Procedure (“Rules”), Catalina Channel Express (“Applicant”) requests authority to increase its baseline fares by approximately 16.67 percent for its scheduled and non-scheduled passenger vessel common carrier service between authorized Southern California mainland points and authorized points on Santa Catalina Island and between authorized points on Santa Catalina Island.² Applicant also seeks to retain its currently authorized Zone of Rate Freedom (“ZORF”) of twenty percent (20%) above and below the proposed new baseline fares.³

¹ All statutory references herein are to the Public Utilities Code.

² The increase proposed for the fare for the most commonly sold ticket (an adult roundtrip between San Pedro or Long Beach and Avalon) is 16.67%, an increase from \$60 to \$70. Proposed increases of other fares are approximately the same but fare levels are set at even dollar or half-dollar amounts. For ease of reference, the description of present and proposed fares will focus on the proposed increase to the fare for an adult roundtrip between San Pedro or Long Beach and Avalon. A complete table of present and proposed fares is shown in Exhibit A.

³ “The Commission may lawfully exercise discretion to allow a vessel common carrier to establish a ZORF under Article XII, Section 4 of the California Constitution and Section 701 of the Public Utilities Code.” *Catalina Channel Express*, Decision No. 98-12-016, 1998 Cal. PUC LEXIS 868, 83 CPUC2d 265 (Conclusion of Law No. 1)

The increase is required because Applicant's current baseline fares produce an operating loss while the proposed baseline fares produce a profit (measured by a "operating ratio") deemed reasonable by the Commission.⁴

II. IDENTIFICATION OF APPLICANT-Rule 2.1(a)

The exact legal name of Applicant is Catalina Channel Express, Inc., a California Corporation. Applicant's principal place of business and telephone number are:

Catalina Channel Express, Inc.
385 E. Swinford Street 2nd FL
San Pedro, CA 90731-1002
Tel: 310-519-7971

III. COMMUNICATIONS, CORRESPONDENCE AND NOTICES- Rule 2.1 (b)

Pursuant to Commission Rule 2.1(b), notices, correspondence and communications with respect to this Application should be addressed to:

Thomas J. MacBride, Jr.
Breana M. Inoshita
Downey Brand LLP
455 Market Street, Suite 1500
San Francisco, CA 94015
Tel: 415-848-4842
Fax: 415-848-4801
Email: tmacbride@downeybrand.com

with a copy to Applicant's President, as follows:

Mr. Gregory E. Bombard, President
Catalina Channel Express, Inc.
385 E. Swinford Street 2nd FL
San Pedro, CA 90731-1002
Tel: 310-519-7971
Email: gbombard@catalinaexpress.com

⁴ See discussion at pp. 16-17 *infra* and Exhibit C.

IV. CATEGORIZATION, NEED FOR HEARING, SCHEDULE AND ISSUES (RULE 2.1(c))

A. Categorization and Need for Hearing

Applicant proposes that this matter be categorized as ratesetting.

Applicant submits that hearings are not necessary. The current rates set by Decision 08-07-036 were not the subject of evidentiary hearings. Moreover, evidentiary hearings were not required prior to the most recent decisions setting the rates of other Southern California⁵ and Northern California⁶ passenger vessel carriers.

Applicant's last three general rate applications were unopposed and the applicant is unaware of any material legal or factual issues that are or could be disputed.

B. Proposed Schedule

Because Applicant believes that no hearing is required, it proposes the following schedule:

Application Filing Date	February 24, 2023
Notice in Daily Calendar	5 Days after Application Filing Date
Protests and Responses Due	30 Days after Notice in Daily Calendar

⁵ No hearing was required when Decision 18-07-033 (July 26, 2018) set rates for Catalina Clipper, LLC when it was certified in 2018. Nor was any hearing required prior to Decision 07-06-007 (June 7, 2007) setting rates for Catalina Classic Cruises. The same was true for Decision Nos. 06-10-014 (October 5, 2006) and 03-06-019 (June 5, 2003) setting fares for Catalina Passenger Service, Inc.

⁶ See, *Blue & Gold* Decision 16-12-050 (December 15, 2016); *Blue & Gold* Decision 16-12-048 December 15, 2016. Decision 16-10-009 (October 13, 2016) did permit Blue and Gold to withdraw its application to discontinue the offering of a 20-ticket discount books when a passengers asserted that the withdrawal would result in a 66% fare increase. Moreover, there have been contested proceedings in which rates were an ancillary issue in an application for certification (or amended certification.) See, *Tideline Marine Group*, Decision 21-12-027 (December 16, 2021); even in that matter, which was technically "contested", no evidentiary hearings were held.

Reply to Protests	10 Days after Protests, if any
Pre-Hearing Conference	20 Days after Date Protests and Responses are Due.
Scoping Memo Issued	15 Days after Pre-Hearing Conference
Proposed Decision Issued	90 Days after Application Filing Date ⁷
Commission Final Decision	120 Days after Application Filing Date ⁸

C. Issues to be Considered

The sole issues are whether (1) the increases to Applicant’s baseline fares sought herein are just and reasonable; and (2) Applicant’s existing Zone of Rate Freedom (“ZORF”) should continue to be authorized.

V. BUSINESS ORGANIZATION DOCUMENTS (RULE 2.2)

A certified copy of Applicant’s Articles of Incorporation is already on file with the Commission in File No. VCC-52 as originally filed in Application 60379. Real time verification of Applicant’s good standing with the Secretary of State may be found at

⁷ Catalina Channel Express recognizes that this date is only 20 days after the date set for the issuance of the Scoping Memo. Applicant notes, however, that by the scheduled date for the issuance of the Scoping Memo, five weeks will have passed since the expiration of the protest period. If the initial preparation of a Proposed Decision (“PD”) commences as soon as the Commission is apprised that the application is uncontested, the Assigned Commissioner would have fifty-five (55) days to prepare and serve a PD.

⁸ Rule 14.6(c)(2) of the Commission Rules of Practice and Procedure allows the Commission to waive the period for public review and comment on proposed decisions in the event that a matter is uncontested and where the decision grants the relief requested. Assuming no protests are filed and the decision grants the related requested, Catalina Channel Express requests that the Commission waive the period for public comment and process this Application to accommodate the proposed schedule.

<https://bizfileonline.sos.ca.gov/search/business>. Applicant's entity identification is 1014884.

VI. COMPLIANCE WITH CEQA (RULE 2.4)

The modifications to Applicant's fares set forth in **Exhibit A** will not expand Applicant's authorized scope of operations. Therefore, there is no possibility the proposed service will have a significant effect on the environment.⁹

VII. FINANCIAL DATA (RULES 3.2(a)(1), 3.2(a)(3))

Applicant has submitted under seal as **Exhibit B** to this application, a balance sheet for December 31, 2022.

Exhibit C to this application shows recorded income for the period January 1, 2022 to December 31, 2022 as well as estimated revenues at both current and proposed baseline fare. Three columns of figures are included. The first (leftmost) column shows revenues for 2022 at fares charged in 2022 (\$70 for the first half of the year and \$77 for the second half of the year.)¹⁰ The second (center) column shows estimated revenues had the Commission not authorized the Temporary Fuel Cost Surcharge pursuant to Resolution TL-19139;¹¹ the revenues shown in that column are those Applicant believes would have been generated at a fare of \$70 for the entirety of 2022 and therefore that estimate also reflects Applicant's estimate of the revenues which would be generated at the baseline fare (\$70) sought in this application. The third column (on the far right) shows the revenues Applicant estimates it would have generated at Applicant's currently

⁹ See, *Blue and Gold* Decision 16-12-050 (December 15, 2016), Finding of Fact No. 12: "A California Environmental Quality Act review is not required for this decision because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment because granting the fare increase does not change the service."

¹⁰ The fare quoted is that for an adult round-trip ticket between Avalon and Long Beach/San Pedro. Other fares are adjusted in concert with that fare at roughly the same percentage. See footnote 2 *supra*.

¹¹ Res. TL-19139 is addressed at greater length at pp. 8-9 *infra*.

authorized baseline rate, \$60. The bottom row of the exhibit shows the operating ratio resulting from each of the three revenue projections.¹²

Exhibit D is a copy of Applicant's most recent annual report (2021) to the Commission. **Exhibit E** is a copy of Applicant's 2020 annual report to the Commission.

VIII. NATURE AND QUALITY OF SERVICE SINCE CERTIFICATION

Applicant is a vessel common carrier holding VCC-52. Applicant is authorized to transport passengers and their baggage in scheduled service between Los Angeles Harbor (San Pedro), Long Beach Harbor, and Dana Point, on the one hand, and points on Catalina Island, on the other hand; and between points along the shoreline of Los Angeles and Long Beach Harbors. Applicant is also authorized to provide nonscheduled service to Catalina Island from Los Angeles and Long Beach Harbors, and between points on the Island.

Applicant has provided service between Santa Catalina Island and the Mainland for 42 years. Applicant operates seven days a week, year round, and has never missed a scheduled sailing other than as a result of significant weather delay.

IX. PROPOSED RATE CHANGES (RULE 3.2(a)(2)-(3))

A. Applicant's Present and Proposed Rates

Exhibit A sets forth a complete list of Applicant's present¹³ and proposed fares. The Exhibit also shows the ZORF range for each of the requested new fare levels.

The baseline rate for the most commonly purchased ticket (adult, round trip, between Long Beach or San Pedro and Avalon) would increase from \$60 to \$70. The ZORF range (plus or minus 20%) would be \$56 to \$84. The senior rate would be roughly 10% less.

¹² See discussion of operating ratios at pp. 16-17 *infra*.

¹³ The present baseline rates are those approved by Ordering Paragraph No. 1 of Decision 08-07-036 (July 31, 2008) which authorized Applicant to "establish the increased baseline fares proposed in the application." The "baseline fares proposed in the application" were set forth in Exhibit 8 to that application."

A review of the history of Applicant's current fares and its authorized Zone of Rate Freedom ("ZORF") provides context to the current application and shows that the proposed fares are reasonable.

B. History of Catalina Channel Express' Baseline Rates and ZORF

1. Baseline Rates

Applicant's current baseline rates were approved over fourteen years ago in D. 08-07-036. Pursuant to that decision Applicant's baseline fare for a roundtrip adult ticket on Applicant's most frequently traveled route (Long Beach/San Pedro–Avalon) became \$60.

At least, fifteen years will have passed by the time the rates sought herein will be approved. Since D. 08-07-036 was issued, the Consumer Price Index ("CPI") has increased by roughly 41.8%.¹⁴

For context, the increase sought here, 16.67% over the rates set fifteen years earlier, is equivalent to a compounded annual percentage increase of 1.033%¹⁵, far less than the comparably stated rate of inflation, 2.481%¹⁶ (.02481)) over the period¹⁷ since D. 08-07-036 was issued.

2. Zone of Rate Freedom ("ZORF")

In D. 98-12-016 the Commission authorized Applicant to establish a Zone of Rate Freedom ("ZORF") of 10% above and below its then existing fares. The existing fares became Applicant's "baseline" fares establishing the upper and lower limits of the ZORF. Subsequent decisions have authorized Applicant to expand its ZORF, first to 15% (D. 04-04-044), then to 20% (D. 06-12-022). D.08-07-036 which authorized Applicant to establish its current baseline fares maintained Applicant's authority to modify its fares with the 20% +/- ZORF. The ZORF range for a roundtrip adult ticket on Applicant's most frequently traveled route (Long Beach/San Pedro–Avalon) became \$48-\$72.

¹⁴ See footnotes 12 and 13 *infra*.

¹⁵ $1.01033^{15}=1.16667$

¹⁶ $1.02481^{14.25}=1.418$

¹⁷ D. 08-07-036 was issued 14.25 years before the last available CPI data point.

As is the case with the prior ZORFs authorized by the Commission, Applicant may adjust its fares with the ZORF on ten days' notice to the public and the Commission.¹⁸

C. Interplay Between (1) Applicant's Proposed Fares and ZORF and (2) the Temporary Fuel Cost Surcharge Expiring in June of 2023

1. Resolution TL-19139

On June 23, 2022, the Commission issued Resolution TL-19139 authorizing each vessel common carrier ("VCC") to adopt a temporary ZORF tariff revision to reflect dramatic increases in the cost of fuel ("Temporary Fuel Cost Surcharge"). Resolution TL-19139 provided that: "For VCCs [such as Applicant] that have been granted a Zone of Rate Freedom (ZORF), the upper limit shall be 20% above the fares and rates on tariffs currently filed with the Commission."¹⁹

When the Commission issued Resolution TL-19139, Applicant's fare for a roundtrip adult ticket on Applicant's most frequently traveled route (Long Beach/San Pedro–Avalon) was \$70. Pursuant to TL-19139, the 20% ZORF range for this fare temporarily became \$70–\$84. In late June of 2022, Applicant, increased the fare from \$70 to \$77 (half the increase authorized by Resolution TL-19139). That fare became effective on June 27, 2022.

Resolution TL-19139 will expire on June 23, 2023.²⁰ On February 10, 2023, Applicant and others requested that the Commission extend TL-19139 (Temporary Fuel Cost Surcharge) for an additional twelve months. It is not now known whether, when or the extent to which the Commission will grant that request. If it is not granted and the rates proposed herein are not authorized before June 23, 2023, Applicant will be required

¹⁸ D. 08-07-036 (July 31, 2008), Ordering Paragraph Nos. 4 & 5.

¹⁹ Res. TL-19139 (June 23, 2022) at Ordering Paragraph 1.

²⁰ *Id* at Ordering Paragraph 4.

to reduce its fares by 6.5% on June 23, 2023 and await the decision in this docket.²¹ Yet, as of the date of this filing, the cost of fuel has not dropped significantly from the levels on which TL-19139 relied. Moreover, as of January 12, 2023, the California Air Resources Board (“CARB”) requires Applicant to use a more expensive fuel than it used in 2022 and prior years.²²

2. Approval of Applicant’s Rate Proposal Will Mitigate Uncertainty Surrounding Fuel Costs.

Accordingly, Applicant seeks base fares and a ZORF that will allow Applicant to respond to competitive pressures and changes in costs without regard to the timing of rate relief through an industry wide temporary fuel cost surcharge.

More specifically, Applicant seeks authority to increase its base fares by roughly 16.67% and to retain its existing ZORF, one approved by the Commission sixteen years ago in D. 06-12-022. During any period of time when both the fuel cost surcharge and the new fares are both in effect, the fares will be governed by one of two ZORFs, either the ZORF set forth in the temporary fuel cost surcharge resolution²³ or the ZORF specifically authorized for Applicant in this docket. The ZORFs operate independently. Applicant understands that it may rely on one ZORF or the other but may not combine them to set a fare at a level not authorized by either ZORF.

Applicant’s fare proposal is designed to harmonize the temporary ZORF authorized in Res. TL-19139 with the permanent fares sought herein. For example, Applicant’s current base fare for a roundtrip adult ticket on Applicant’s most frequently traveled route (Long Beach/San Pedro–Avalon) was set in 2008 at \$60, with a ZORF range of \$48-72. Over the ensuing fourteen years, Applicant increased the fare to \$70 by

²¹ For example the roundtrip fare for an adult ticket on Applicant’s most frequently traveled route (Long Beach/San Pedro–Avalon) would fall from \$77 to \$72.

²² See discussion at VIII.B.2 *infra*.

²³ Res. TL-19139.

applying the ZORF.²⁴ Resolution TL-19139 temporarily set the upper limit for this fare at \$84. In response Applicant increased the fare to only \$77.²⁵ After applying the increase of 16.67% sought herein and maintaining a 20% ZORF, the new base fare would be \$70 with a \$56–\$84 ZORF.²⁶ The base fare increase sought herein would result in an upper fare limit that mirrors the upper limit temporarily authorized under TL-19139 (e.g., \$84 for a roundtrip adult ticket). If Applicant’s proposed fares are adopted on or before June 22, 2023, the transition from Applicant’s current fares to the new fares will be seamless.

D. The Proposed Fare Increases, Which Fall Far Short of Inflation, Should Be Approved Expeditiously.

If, however, the effective date of the fares authorized in this docket is after the expiration of the ZORF authorized in Res. TL-19139, Applicant will be forced to lower its fares below current rates.²⁷ The most Applicant would be permitted to charge for an adult roundtrip ticket would be \$72²⁸ a 6.5% decrease from its current rate of \$77 (authorized under the ZORF established in Res. TL-19139). Applicant would suffer a reduction in fare revenue of over \$1.5M annually.²⁹

²⁴ An increase from \$60 to \$70 over fourteen years equates to an 1.11% (.0111) annual increase.

²⁵ For perspective, an increase from \$60 to \$77 over fourteen years equates to an 1.8% (.018) annual increase

²⁶ See Exhibit A.

²⁷ As noted earlier, if the rates proposed herein are adopted while TL-19139 remains in effect, the ZORF governing Applicant’s rate will be substantially the same. Applicant could choose between two ZORFs but each reaches largely the same result.

²⁸ \$72 is 20% above Applicant’s current base rate of \$60, the maximum increase permitted by the ZORF authorized in D. 06-12-022.

²⁹ At the passenger volumes employed in Exhibit C, Applicant’s estimate of 2023 revenues with the Fuel Cost Surcharge in effect for all of 2023 is \$46,705,919 (\$42,479,927(EX.C) x (\$77/70)). Applicant’s estimate of 2023 revenues if it is required to lower its rate to the current ZORF cap in late June is \$45,189,492. (\$42,479,927(EX.C) x ((\$77+72)/2/70)).

Accordingly Applicant asks that the Commission expeditiously approve its request for a 16.67% increase in base rates, less than half of the increase in CPI since its last GRC. Applicant seeks to maintain its existing ZORF to permit it to respond to competitive conditions and cost changes without having to file a formal pleading with the Commission.

Applicant's history belies any notion that it views a ZORF as an unbridled vehicle for rate increases. When TL-19139 was issued in June of 2022, Applicant did not utilize the full upper limit of the ZORF authorized under TL-19139 when it increased fares. Nor has Applicant increased rates since that date. In the 42 years it has operated under a ZORF, it has never increased fares to the ZORF cap.

X. JUSTIFICATION FOR AN INCREASE IN RATES

A. Increase in Overall Expenses

Applicant's expenses have significantly increased since its last baseline rate increase over 14 years ago. Since 2008, the Consumer Price Index has increased 42.4%, from 222.823 in August 2008³⁰ (when Applicant's base rates were last set) to 317.477 in January of 2023.³¹

Again, for context, the annual increase in the CPI over the period since D. 08-07-036 was issued is almost double that of the proposed annual increase in rates.³²

B. Increase in Fuel Costs

1. Increase in Cost of Ultra-Low Sulfur CARB Diesel

As well chronicled in the media, the cost of fuel in the US has sharply increased. At the end of 2008, in Los Angeles, the average spot price for Ultra-Low Sulfur CARB

³⁰ https://www.bls.gov/regions/west/data/consumerpriceindex_west_table.pdf.

³¹ <https://data.bls.gov/timeseries/CUUR0400SA0>.

³² See page 4, *supra*.

Diesel was \$1.30 per gallon.³³ At the end of 2022, that price was \$3.30 per gallon.³⁴ In 2022 alone, the cost of diesel increased 36.2%.³⁵ On January 10, 2023, the U.S. Energy Information Administration predicted that:

U.S. diesel prices... will be higher this summer as a result of high crude oil prices and low global inventories. As with gasoline, crude oil prices are the primary driver of diesel fuel prices and remain highly volatile and subject to uncertainties.³⁶

The recent increase in the cost of fuel is set forth in detail in Resolution TL-19139.³⁷ After the issuance of TL-19139, prices fluctuated during all of 2022 but remained higher than prior periods. The 90-day moving average price increased by 38% between the end of 2021 and the end of 2022; it increased 150% between the end of 2020 and end of 2022.³⁸

The proposed new baseline fares combined with renewed ZORF authority will allow Applicant to react to the increasing diesel prices amidst volatile market conditions.³⁹

2. New Regulations for Commercial Harbor Craft (CHC)

On December 30, 2022, the Office of Administrative Law (OAL) approved California Air Resources Board (“CARB”) amendments to the Commercial Harbor Craft (CHC) Regulation, section 2299.5, title 13, division 3, chapter 5.1 and section 93118.5,

³³

https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=EER_EPD2DC_PF4_Y05LA_DPG&f=A.

³⁴ https://www.eia.gov/dnav/pet/hist/eer_epd2dc_pf4_y05la_dpgD.htm.

³⁵ https://www.eia.gov/dnav/pet/hist/eer_epd2dc_pf4_y05la_dpgD.htm.

³⁶ <https://www.eia.gov/outlooks/steo/report/summerfuels.php>

³⁷ Resolution TL-19139 (June 23, 2022), pp. 6-8.

³⁸ https://www.eia.gov/dnav/pet/hist/eer_epd2dc_pf4_y05la_dpgD.htm (A tool on the EIA chart permits graphing of 90-day or 12-week rolling averages.)

³⁹ A ZORF permits vessel carriers to respond to increased fuel costs. Under normal economic conditions, however, fuel costs do not form the principal impetus for the exercise of ZORF authority.

title 17, chapter 1, subchapter 7.5 of the California Code of Regulations (CCR).⁴⁰ As amended by the CARB, the CHC Regulation is effective January 1, 2023. It requires that all Commercial Harbor Craft, including vessels operated by Applicant, are required to use renewable diesel (R100 or R99) (“Renewable Diesel”) which, at present, costs roughly 30 cents/gallon more than the Ultra-Low Sulfur CARB Diesel Applicant employed through the end of 2022. During the last ten days of January 2023, the cost of Ultra-Low Sulfur CARB Diesel fuel in Los Angeles ranged from \$2.852-\$3.617/gallon.⁴¹ The cost of Renewable Diesel on February 22, 2023 was \$3.56/gallon. Applicant expects that its cost of Renewable Diesel (R00/R100) will increase in the future.⁴²

C. Increase in Labor Costs

Labor costs have continued to increase over the past few years, with significant increases in the past two years. The annual increase in compensation costs in Los Angeles was 5.5 % in 2021 and 5.9% in 2022.⁴³ In 2008, Applicant’s reported labor costs was \$8,959,517; payroll records indicate labor costs for 2022 of \$12,410,657⁴⁴, an increase of 38.5% or 2.35% compounded annually over that time period- a figure consistent with the 2.48% compounded increase in CPI over that same period.⁴⁵

⁴⁰ <https://ww2.arb.ca.gov/resources/fact-sheets/chc-factsheet-implementation-timeline>

⁴¹ https://www.eia.gov/dnav/pet/hist/eer_epd2dc_pf4_y051a_dpgD.htm

⁴² Both the parties that requested the temporary fuel cost surcharge in 2022 and TL-19139 (which responded to that request) employed data from the U.S. Energy Information Administration (“EIA”) website. That data measured the cost of Ultra-Low Sulphur Diesel (ULSD”) at the Port of Los Angeles. The EIA site is decades old and well developed. As noted above, however, carriers are now required to use more expensive Renewable Diesel (R99/R100) mandated by the California Air Resources Board (“CARB”). Applicant believes its cost is about 30 cents/gallon more than ULSD but has not yet identified a government website that tracks it. There are, however, industry sites that make predictions and employ units of measurement other than gallons.

⁴³ https://www.bls.gov/regions/west/news-release/employmentcostindex_losanjeles.htm#table2

⁴⁴ (B-2 line 36 and B-2 line 41);

⁴⁵ See page 7 *supra*.

D. Increase in the Cost of Liability Insurance

Applicant has always obtained insurance at levels exceeding those required by General Order 111-C. In 2008, Applicant reported \$525,564 in insurance costs; the comparable figure in 2020 was \$709,228, an increase of 35%. (See Exhibit E.) Applicant notes that the required coverage levels set in General Order 111-C are dependent on the “passenger seating capacity” of the vessels, rather than the average recorded or estimated passenger count. Again, the cost is fixed. Because of the pandemic, Applicant paid roughly twice as much per passenger in insurance costs in 2020 than it did in 2008.

XI. JUSTIFICATION FOR MAINTAINING A 20% ZORF

Applicant has been authorized to maintain a 20% ZORF for the last fourteen years. In that time, Applicant has never raised rates to the maximum allowed by its ZORF.

ZORF flexibility permits the Applicant to address its need to maintain ridership by holding rates to affordable levels. Notwithstanding the fact that customer revenues are variable, Applicant’s costs are generally fixed. It costs Applicant the same amount to carry 10 or 200 passengers on a trip between Avalon and the Mainland. Accordingly, it is critical that Applicant maintain a high load factor. The ZORF is essential to allow Applicant to meet the downward price pressures of remaining competitive as well as the upward price pressures of meeting increased operating costs.

Applicant is not the only vessel carrier providing passenger service between Santa Catalina Island and the Mainland. Perhaps more importantly, Santa Catalina Island is not the only tourist destination available to travelers to Southern California; it is but one of myriad recreation and entertainment choices Southern California makes available to the public. Most of Applicant’s customers are riding Applicant’s vessels on an entirely discretionary basis. It is the patronage of discretionary passengers, tourists, that permits Applicant to achieve the higher load factors that support affordable fares, the fares available to other passengers for whom the trip between Avalon and the Mainland is more of a necessity than an option.

Applicant's need to maintain affordable fares while also recovering changing costs have caused Applicant to increase and decrease its fares many times in the twenty-two years the Commission has authorized Applicant to employ a ZORF. Applicant has never, however, increased its fares to the highest level of its ZORF.

XII. NO PUBLIC SUBSIDIES

Applicant does not receive any subsidies from any federal, state or regional agencies or public transportation program funds for its Commission-regulated vessel common carrier passenger service. Applicant is completely dependent upon revenues from passenger fares to cover its operating expenses and to earn a return on its investments in the service.

XIII. DESCRIPTION OF EQUIPMENT (RULE 3.2(a)(4))

A description of Applicant's vessels is set forth in Schedule C-1 to its 2021 Annual Report (Exhibit D.)

XIV. SUMMARY OF EARNINGS (RATE OF RETURN SUMMARY) ON A DEPRECIATED RATE BASE (RULE 3.2(a)(5))

Vessel rates are not set on the basis of return on rate base. Typically, the Commission authorizes increases in fares (and revenues) based on a showing of increases in operating expenses⁴⁶ or reduced revenues at current rates.⁴⁷ Here, applicant seeks a 16.67% increase in baseline rates, roughly the same increase it was authorized in 2008. That increase in rates midway through 2008 resulted in an operating ratio of 98.64%. By 2020, the operating ratio, even at fare increases within the authorized ZORF, rose to

⁴⁶ See, *Blue & Gold Fleet*, Decision 16-12-050 December 15, 2016. See also, *Balboa Island Ferry, Inc*, Decision 20-02-055 (February 27, 2020) 2020 WL 1667248 (Cal.P.U.C.), "Operating Ratio (OR), expenses as a percent of revenue, is a common method for expressing profitability for transportation companies. An OR within the range of 90 - 100% has been considered an acceptable ratio. An OR greater than 100% demonstrates that a company is "unprofitable" in terms of revenue generated."

⁴⁷ *Catalina Freight Lines*, Decision 09-08-011 August 20, 2009.

127.27%, a substantial loss.⁴⁸ In 2021, Applicant's operating ratio was more favorable, 87.39%⁴⁹ but was derived from fuel costs substantially lower than those in place in 2022.⁵⁰ The average operating ratio for the two years (2020 and 2021) was 107.19%, an operating loss.⁵¹

Exhibit C sets forth the need for an increase in base rates in stark terms. At current base rates, Applicant's expected operating ratio is 109.15%, a substantial loss.⁵² At proposed base rates, Applicant's expected operating ratio is 93.56%, an operating ratio lying within the range deemed reasonable by the Commission.⁵³

XII. Applicant Only Has One "department, district or exchange" Subject to Commission Regulation⁵⁴ (Rule 3.2(a)(6))

Applicant only has one "department, district or exchange" subject to Commission regulation. Accordingly, Rule 3.2(a)(6) does not require information beyond what Applicant has provided herein

XV. THE APPLICATION DOES NOT HAVE ANY IMPACT ON THE ACHIEVEMENT OF THE COMMISSION'S ENVIRONMENTAL AND SOCIAL JUSTICE (ESJ) ACTION PLAN

The Commission's ESJ goals focus on the provision of energy and water service and the siting of utility facilities. The transportation elements of the Commission's

⁴⁸ EX C Schedule B, Line 23/Line 22. As the Commission is aware, an increase in the operating ratio equates to a reduction in operating profit. The operating ratio is equal to a carrier's operating costs divided by its revenues derived from those costs. In other words, "expenses as a percent of revenue". (see footnote 40 *supra*.) An operating ratio of over 100%, therefore, equates to an operating loss because it indicates that operating expenses exceeded operating revenues during the period measured.

⁴⁹ EX B Schedule B, Line 23/Line 22

⁵⁰ https://www.eia.gov/dnav/pet/hist/er_epd2dc_pf4_y051a_dpgD.htm

⁵¹ ((EX C. Schedule B, Line 23/Line 22) + (EX D. Schedule B, Line 23/Line 22))/2

⁵² Exhibit C, Table 3.

⁵³ See, *Balboa Island Ferry, Inc*, Decision 20-02-055 (February 27, 2020) 2020 WL 1667248 (Cal.P.U.C.), "An OR within the range of 90 - 100% has been considered an acceptable ratio."

⁵⁴ Rule 3.2(a)(6).

Environmental & Social Justice Action Plan, Version 2.0 (released April 7, 2022) (“ESJ 2.0”)⁵⁵ are limited. The Commission seeks to pursue opportunities (1) for “ESJ communities to access clean vehicles and services from Transportation Network Companies (TNCs)”⁵⁶ and (2) “to bolster safety along rail lines in ESJ communities.”⁵⁷ The transportation “Case Studies”⁵⁸ in ESJ 2.0 address driverless vehicles.⁵⁹ At the February, 2021 Workshop to develop ESJ 2.0 the transportation issues addressed were TNCs, railroad lines and charging of electrical vehicles.⁶⁰

The Application does not implicate ESJ issues set forth in ESJ 2.0. Applicant’s route is entirely over water and it primarily serves tourists.

XVI. THE APPLICATION DOES NOT PRESENT ANY SAFETY ISSUES

The Application does not raise safety issues. The Application proposes no changes in Applicant’s operations or points of service. Applicant’s operations are already subject to the rules, regulations and requirements of the United States Coast Guard. Applicant has always maintained liability obtained insurance at levels exceeding those required by General Order 111-C

XVII. SERVICE OF APPLICATION (RULES 2.7 and 3.2(b))

In accordance with Rule 2.7, Applicant will furnish a copy of this Application to any potential competitor, governmental entity, or interested party requesting a copy and/or to any other persons as the Commission may direct.

In accordance with Rule 3.2 (b), within 20 days of filing this application, Applicant will serve a notice to the following stating in general terms the proposed

⁵⁵ <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/news-office/key-issues/esj/esj-action-plan-v2jw.pdf>

⁵⁶ Uber, Lyft and others.

⁵⁷ ESJ 2.0 at p. 24.

⁵⁸ *Id.*, App. D.

⁵⁹ *Id.* at pp. 100-101.

⁶⁰ *Id.* at p. 55.

increases in rates or fares: (1) the Los Angeles County Counsel, (2) the Los Angeles City Attorney and (3) the Avalon City Attorney.

WHEREFORE, Applicant respectfully requests that it be authorized to revise its tariff as shown in Exhibit A.

Respectfully submitted February 24, 2023 at San Francisco, California.

DATED: February 24, 2023

DOWNEY BRAND LLP
Thomas J. MacBride, Jr.
Breana M. Inoshita

By: /s/ Thomas J. MacBride, Jr.
THOMAS J. MACBRIDE, JR.

Attorneys for Catalina Channel Express

VERIFICATION

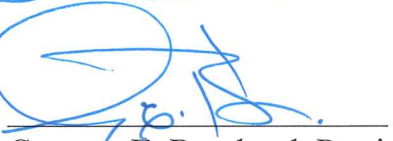
I, Gregory E. Bombard, am the President of Catalina Channel Express, Inc. ("CCE" or "Applicant"). I am duly authorized to make this verification on behalf of the Applicant.

I affirm and declare under penalty of perjury that, to the best of my knowledge, all of the statements and representations made in this Application are true and correct to the best of my knowledge except as to matters that are herein stated on information and belief. As to those matters, I believe them to be true.

I declare under the penalty of perjury that the foregoing is true and correct.

Dated: February 24, 2023

San Pedro, California



Gregory E. Bombard, President

EXHIBIT A

PRESENT AND PROPOSED FARES

VCC - 52
CATALINA CHANNEL EXPRESS, INC.**SECTION 17 (cont'd.)**

Between the ports of Long Beach, San Pedro, on the one hand, and all authorized points on Catalina Island for vessels of 20 knots or more in speed.

		Requested						
		Base R/T Fare	20% Low R/T Fare	20% High R/T Fare	Current R/T Fare	New Base R/T Fare	New 20% Low R/T Fare	New 20% High R/T Fare
Adult		\$60.00	\$48.00	\$72.00	\$70.00	\$70.00	\$56.00	\$84.00
Senior		\$54.00	\$43.20	\$64.80	\$63.00	\$63.00	\$50.40	\$75.60
Child		\$46.50	\$37.20	\$55.80	\$54.50	\$54.50	\$43.60	\$65.40
Infant		-	-	-	-	-	-	-
Comm Islander	*	\$42.50	\$34.00	\$51.00	\$50.00	\$50.00	\$40.00	\$60.00
Comm Adult	*	\$45.00	\$36.00	\$54.00	\$51.50	\$51.50	\$41.20	\$61.80
Comm Child	*	\$35.00	\$28.00	\$42.00	\$41.00	\$41.00	\$32.80	\$49.20
Military		\$55.00	\$44.00	\$66.00	\$61.50	\$61.50	\$49.20	\$73.80
Industry		\$46.50	\$37.20	\$55.80	\$54.50	\$54.50	\$43.60	\$65.40
School	**	\$46.50	\$37.20	\$55.80	\$54.50	\$54.50	\$43.60	\$65.40
Camp	**	\$47.00	\$37.60	\$56.40	\$51.50	\$51.50	\$41.20	\$61.80
Groups	**	\$54.00	\$43.20	\$64.80	\$62.50	\$62.50	\$50.00	\$75.00

*Based on purchase of 10-ride book of tickets for 5 times the amount shown for current round-trip fare and in addition all wharfage fees.

**Sold on round-trip basis only.

Note 1: Current round-trip fares do not include wharfage fees, or "landing fees" assessed by the City of Avalon and Two Harbors, or points on Catalina Island.

Note 2: One-way fares are half the amount of round-trip fares.

Note 3: All fares include PUC tax.

Authorized by Decision: 08-07-036

Issued: XXXXXXXX

Effective: XXXXXXXXXXXX

VCC - 52
CATALINA CHANNEL EXPRESS, INC.**SECTION 17 (cont'd)**

Between the port of Dana Point, on the one hand, and all authorized points on Catalina Island.

						Requested		
		Base R/T Fare	20% Low R/T Fare	20% High R/T Fare	Current R/T Fare	New Base R/T Fare	New 20% Low R/T Fare	New 20% High R/T Fare
Adult		\$62.00	\$49.60	\$74.40	\$74.00	\$74.00	\$59.20	\$88.80
Senior		\$56.00	\$44.80	\$67.20	\$67.00	\$67.00	\$53.60	\$80.40
Child		\$48.50	\$38.80	\$58.20	\$58.00	\$58.00	\$46.40	\$69.60
Infant		-	-	-	-	-		
Comm Adult	*	\$46.00	\$36.80	\$55.20	\$55.00	\$55.00	\$44.00	\$66.00
Comm Child	*	\$36.00	\$28.80	\$43.20	\$43.00	\$43.00	\$34.40	\$51.60
Military		\$57.00	\$45.60	\$68.40	\$65.50	\$65.50	\$52.40	\$78.60
Industry		\$48.50	\$38.80	\$58.20	\$58.00	\$58.00	\$46.40	\$69.60
School	**	\$48.50	\$38.80	\$58.20	\$58.00	\$58.00	\$46.40	\$69.60
Camp	**	\$49.00	\$39.20	\$58.80	\$55.50	\$55.50	\$44.40	\$66.60
Groups	**	\$56.00	\$44.80	\$67.20	\$66.50	\$66.50	\$53.20	\$79.80

*Based on purchase of 10-ride book of tickets for 5 times the amount shown for current round-trip fare and in addition all wharfage fees.

**Sold on round-trip basis only.

Note 1: Current round-trip fares do not include wharfage fees, or "landing fees" assessed by the City of Avalon and Two Harbors, or points on Catalina Island.

Note 2: One-way fares are half the amount of round-trip fares.

Note 3: All fares include PUC tax.

Authorized by Decision: 08-07-036

Issued: XXXXXXXXXXXXXXXX

Effective: XXXXXXXXXXXXXXXX

VCC - 52
CATALINA CHANNEL EXPRESS, INC.

SECTION 17 (Cont'd)

Coastal Shuttle Service between Avalon and Two Harbors on Catalina Island.

	Base R/T Fare	20% Low R/T Fare	20% High R/T Fare	Current R/T Fare	Requested		
					New Base R/T Fare	New 20% Low R/T Fare	New 20% High R/T Fare
Adult	\$37.00	\$29.60	\$44.40	\$42.00	\$42.00	\$33.60	\$50.40
Child	\$28.00	\$22.40	\$33.60	\$33.50	\$33.50	\$26.80	\$40.20
Infant	\$0.00	\$0.00	\$0.00	-	-		
Camp	\$34.50	\$27.60	\$41.40	\$39.50	\$39.50	\$31.60	\$47.40
Group	\$34.50	\$27.60	\$41.40	\$39.50	\$39.50	\$31.60	\$47.40

Note 1: Current round-trip fares do not include wharfage fees, or "landing fees" assessed by the City of Avalon and Two Harbors, or points on Catalina Island.

Note 2: One-way fares are half the amount of round-trip fares.

Note 3: All fares include PUC tax.

Authorized by Decision: 08-07-036

Coastal Shuttle Service between points Queen Mary, Travelodge, Shoreline Village and Alamitos Bay, all in Long Beach Harbor.

SERVICES	Current O/W Fare	* Promotional Fare
AquaLink	\$ 2.00	-
AquaBus *	\$ 2.00	\$ 1.00

Note: All fares include PUC tax.

Issued on 6 days notice to reflect lower promotional fares for the Long Beach Harbor AquaBus Coastal Shuttle Service until December 31, 2005 (unless sooner canceled, modified, or extended) pursuant to agreement with the City of Long Beach that owns the vessels used to provide the service.

Promotional fare valid for the AquaBus Coastal Shuttle service only.

Issued: XXXXXX

Effective: XXXXXXXX

VCC - 52
CATALINA CHANNEL EXPRESS, INC.

SECTION 17 (cont'd)

Charter rates between Ports of San Pedro, Long Beach, on the one hand, and authorized points on Catalina Island for vessels of 22 knots or higher.

Vessel Capacity	Base Fare Per hour	20% Low Fare	20% High Fare	Current Fare	Requested		
					New Base R/T Fare	New 20% Low R/T Fare	New 20% High R/T Fare
0-150	\$975.00	\$780.00	\$1,170.00	\$1,150.00	\$1,150.00	\$920.00	\$1,380.00
151-250	\$1,625.00	\$1,300.00	\$1,950.00	\$1,800.00	\$1,800.00	\$1,440.00	\$2,160.00
251-399	\$1,940.00	\$1,552.00	\$2,328.00	\$2,300.00	\$2,300.00	\$1,840.00	\$2,760.00

Charter rates between Ports of San Pedro, Long Beach, on the one hand, and Catalina Island for vessels of 18 knots or less.

Vessel Capacity	Base Fare Per hour	20% Low Fare	20% High Fare	*Current Total Hourly Charge, Less Wharfage Fees	Requested		
					New Base R/T Fare	New 20% Low R/T Fare	New 20% High R/T Fare
1 - 150	\$680.00	\$544.00	\$816.00	\$800.00	\$800.00	\$640.00	\$960.00
151 - 500	\$1,465.00	\$1,172.00	\$1,758.00	\$1,705.00	\$1,705.00	\$1,364.00	\$2,046.00
501 - 700	\$1,875.00	\$1,500.00	\$2,250.00	\$2,160.00	\$2,160.00	\$1,728.00	\$2,592.00

*Total Hourly Charge does not include wharfage fees, or "landing fees" assessed by the City of Avalon and Two Harbors.

Authorized by Decision: 08-07-036

Issued:XXXXXXXXXXXXXXXXXXXXX

Effective: XXXXXXXXX

EXHIBIT B

**BALANCE SHEET
DECEMBER 31, 2022**

THIS DOCUMENT IS
CONFIDENTIAL IN ITS ENTIRETY

EXHIBIT C

2022 OPERATING REVENUES

Exhibit C

Catalina Channel Express

	Actual	2022 Operating Revenues and (\$)	Estimated
	Preliminary Actual Revenues with Fuel Surcharge	Estimate without fuel surcharge collected	Estimate at Present Baseline Rate
	\$70 Jan-June; \$77- July-Dec	\$70 All Year New Baseline R Rate Sought	\$60
Water-Line Operating Revenue	44,984,927	42,459,927	36,394,223
Water-Line Operating Expenses	(39,725,234)	(39,725,234)	(39,725,234)
Water-Line Operating Income (loss)	5,259,693	2,734,693	(3,331,011)
Operating Ratio [waterline exp / waterline rev]	88.31%	93.56%	109.15%
			-

EXHIBIT D

**2021 ANNUAL REPORT OF
CATALINA CHANNEL EXPRESS**

VESSEL
COMMON
CARRIERS

VCC 52

2021
ANNUAL REPORT
OF

CATALINA CHANNEL EXPRESS

(NAME UNDER WHICH CORPORATION, PARTNERSHIP, LLC, OR INDIVIDUAL IS DOING BUSINESS)

385 E SWINFORD ST 2ND FL

SAN PEDRO CA 90731

(OFFICIAL MAILING ADDRESS)

TO THE
PUBLIC UTILITIES COMMISSION
OF THE
STATE OF CALIFORNIA
FOR THE
YEAR ENDING DECEMBER 31, 2021

VESSEL COMMON CARRIERS

Received	2021 ANNUAL REPORT OF	
Statistics	Catalina Channel Express, Inc.	(VCC0000052)
Revenue	(Name under which Corp., Partnership or Individual is Doing Business)	
Examined	385 East Swinford Street 2nd Floor San Pedro, CA 90731	Zip
(Official Mailing Address)		

TO THE PUBLIC UTILITIES COMMISSION—STATE OF CALIFORNIA
FOR THE YEAR ENDING DECEMBER 31, 2021
GENERAL INFORMATION

1. OWNERSHIP—Check and fill in appropriate line:

☐ Individual _____
 (Name)

☐ Partnership _____
 (Name)

☒ Corporation _____
 (Name) Catalina Channel Express, Inc.

Incorporated in state California date 1/21/1981
 of _____

Principal Officers

<u>Greg Bombard</u>	<u>President/CEO</u>
(Name)	(Title)
<u>Lori Bombard</u>	<u>Secretary/Treasurer</u>
(Name)	(Title)
_____	_____
(Name)	(Title)

2. Name of person to whom correspondence should be addressed: Greg Bombard

3. Names of companies under common control with carrier:

4. Names of corporations, partnerships or individuals whose property and/or operating authority has been acquired during the year:

5. Type of carrier (passenger, or property, or both): Passenger

6. Principal commodities transported (property carriers): _____

7. Location of operations (ports plied between or general territory served):
San Pedro, Long Beach - Catalina Landing
Long Beach - Queen Mary, Dana Point, Avalon, Two Harbors

SCHEDULE A - CONDENSED COMPARATIVE BALANCE

Line No.	Balance Begin of Year	ASSETS	Balance End-of-Year
1	19,713,895	Cash	32,566,044
2	879,368	Other current assets	1,748,368
3	15,338,859	Transportation property (schedule A-1)	15,091,778
4	8,615,875	Less depreciation reserve (Schedule A-1)	9,263,845
5	6,722,984	Net transportation property	5,827,933
6	204,762	Noncarrier physical property	204,762
7	200,148	Less depreciation reserve	201,754
8	4,614	Net noncarrier physical property	3,008
9	110,039	All other assets and debits	115,680
10	27,430,900	Total Assets	40,261,033
11			
12		LIABILITIES AND CAPITAL	
13	585,556	Accounts payable	753,603
14	-	Accrued taxes	3,492,337
15	5,151,751	Long-term debt	7,690,704
16	4,468,556	All other liabilities and credits	6,083,601
17	11,000	Capital stock	11,000
18	17,214,037	Proprietorship capital	22,229,788
19		Surplus	
20	27,430,900	Total Liabilities and Capital	40,261,033

SCHEDULE B - INCOME STATEMENT

Line No.	Acct. No.	Account	Amount
21		I - WATER-LINE OPERATING INCOME	
22	300	Water-line operating (Schedule B-1)	37,765,912
23	400	Water-line operating (Schedule B-2)	33,003,511
24		Net revenue from water-line operations	4,762,401
25		II - OTHER INCOME	
26	502	Income from noncarrier operations	1,061,350
27	503	Dividend income	
28	504	Interest income	37,246
29	505	Income from sinking and other special funds	
30	506	Release of premium on long-term debt	
31	507	Miscellaneous Income	4,624,172
32	508	Profits from sale or disposition of property	91,317
33		Total other income	5,814,085
34		Total income	10,576,486
35		III - MISCELLANEOUS DEDUCTIONS FROM INCOME	
36	523	Expenses of noncarrier operations	1,845,645
37	524	Uncollectible accounts	
38	525	Losses from sale or disposition of property	
39	526	Maintenance of investment organization	
40	527	Miscellaneous income charges	
41		Total income deductions	1,845,645
42		Ordinary income before fixed charges	8,730,841
43		IV - FIXED CHARGES	
44	528	Interest on funded debt	
45	529	Interest on unfunded debt	
46	530	Amortization of discount on long-term debt	
47		Total fixed charges	-
48		Ordinary income before provision for income taxes	8,730,841
49		V - PROVISION FOR INCOME TAXES	
50	532	Income taxes on ordinary income	3,492,337
51		Ordinary income	5,238,504
52	570-90	Extraordinary and prior period items, net	
53		Net income	5,238,504

SCHEDULE A-1 - TRANSPORTATION PROPERTY AND DEPRECIATION RESERVE

Line No.	Acct. No.	Account	Trans. Prop. Balance End-of-Year	Reserve Balance End-of-Year	Depr. Rate %
1	141	Line equipment	2,054,073	1,862,159	
2	142	Harbor equipment			
3	143	Miscellaneous floating equipment	2,431,339	1,940,953	
4	144	Building and other structures	7,880,246	2,952,139	
5	145	Office and other terminal equipment	2,452,253	2,250,142	
6	146	Motor and other highway equipment	273,867	258,452	
7	147	Land			
8	148	Public improvements			
9	149	Construction work in progress			
10		Total	15,091,778	9,263,845	

SCHEDULE B-1 -ACCOUNT 300 - WATER-LINE OPERATING REVENUES

Line No.	Acct. No.	Account	Amount
11		I - OPERATING REVENUE - LINE SERVICE	
12	301	Freight revenue	
13	302	Passenger revenue	37,744,218
14	303	Other line service revenues	
15	313	Revenue from towing for regulated carriers	
16		Total operating revenue-line service	37,744,218
17		II - OTHER OPERATING REVENUE	
18	320	Special services	
19	321	Ferry service	
20		Total other operating revenue	
21		III - REVENUE FROM TERMINAL OPERATIONS	
22	331	Terminal operations	
23		IV - RENT REVENUE	
24	341	Charter and other rents	21,694
25		V - MOTOR-CARRIER OPERATIONS	
26	351	Motor carrier revenue	
27		Total water-line operating revenues	37,765,912

SCHEDULE B-2 -ACCOUNT 400 - WATER-LINE OPERATING EXPENSES

Line No.	Acct. No.	Account	Amount
28	401	Maintenance of vessels and other property	4,723,225
29	411	Depreciation and amortization	520,475
30	421	Operation of vessels	9,780,144
31	433	Lay-up expenses	
32	441	Terminal expenses	1,621,713
33	456	Traffic expenses	
34	461	General expenses	
35		General officers salaries	977,126
36		General office employees salaries	5,638,543
37		General offices expenses	2,131,816
38		Total general expenses	8,747,485
39	471	Casualties and insurance	838,355
40	481	Charter and other rents	
41	485	Payroll and other water-line tax accruals	6,772,114
42	491	Motor carrier expenses	
43		Total water-line operating expenses	33,003,511

SCHEDULE C-1 - FLOATING EQUIPMENT

Line No.	Name of Designation of Vessel	Owned (O) Leased (L)	Year Built	Year Purch.	Rated hp	Type of Vessel	Licensed Capacity		
							Pass.	Veh.	Fr.°
1	(a) In operation Cat Express	L	1986	1997	4,500	Passenger	350		
2	Super Express	L	1989	1989	4,500	Passenger	149		
3	Avalon Express	L	1990	1990	4,500	Passenger	149		
4	Islander Express	L	1994	1994	4,500	Passenger	149		
5	Catalina Express	L	1994	1994	4,500	Passenger	149		
6	Starship Express	L	1999	1999	6,220	Passenger	300		
7	Jet Cat Express	L	2001	2001	9,340	Passenger	381		
8	Catalina Jet	L	2001	2001	9,460	Passenger	450		
9	(b) Not in operation AquaBus I	L	1999	1999	230	Passenger	37		
10	AquaBus II	L	1999	1999	230	Passenger	37		
11	AquaLink	L	2001	2001	1,220	Passenger	75		
12	AquaLink II	L	2011	2011	1,220	Passenger	74		
13									
14									
15									
16									
17									
18	(c) Retired during year								
19									
20									
21									
22									
23									
24									
25									
26	*State whether tons (2,000 lbs.) or other units of measure:								

SCHEDULE C-2 - TRAFFIC AND REVENUE

Line No.	Class of Traffic	Volume of Traffic	Revenues
27	Passenger	No. 1,200,145	
28	Vehicles	No.	\$ 37,744,218
29	Freight	Tons (2,000 lbs.)	
30			
31			
32			

DECLARATION

(Before signing please check to see that all schedules have been completed.)

I, the undersigned (officer, partner or owner) of Catalina Channel Express, Inc.

(Name of Utility)

under penalty of perjury do declare that this report has been prepared by me, or under my direction, from the books, papers and records of the respondent; that I have carefully examined the same, and declare the same to be a complete and correct statement of the business and affairs of the above named, respondent and the operations of its property for the period

From and including January 1 2021 to and including December 31 2021

Signed

Title

Date

[Signature]
President
06.27.2022

EXHIBIT E

**2020 ANNUAL REPORT OF
CATALINA CHANNEL EXPRESS**

VESSEL
COMMON
CARRIERS

VCC 52

2020
ANNUAL REPORT
OF

CATALINA CHANNEL EXPRESS

(NAME UNDER WHICH CORPORATION, PARTNERSHIP, LLC, OR INDIVIDUAL IS DOING BUSINESS)

385 E SWINFORD ST 2ND FL

SAN PEDRO CA 90731

(OFFICIAL MAILING ADDRESS)

TO THE
PUBLIC UTILITIES COMMISSION
OF THE
STATE OF CALIFORNIA
FOR THE
YEAR ENDING DECEMBER 31, 2020

VESSEL COMMON CARRIERS

Received	2020 ANNUAL REPORT OF	
Statistics	Catalina Channel Express, Inc.	(VCC0000052)
Revenue	(Name under which Corp., Partnership or Individual is Doing Business)	
Examined	385 East Swinford Street 2nd Floor San Pedro, CA 90731	
	Zip	
	(Official Mailing Address)	

TO THE PUBLIC UTILITIES COMMISSION—STATE OF CALIFORNIA

FOR THE YEAR ENDING DECEMBER 31, 2020

GENERAL INFORMATION

1. OWNERSHIP—Check and fill in appropriate line:

☐ Individual _____

(Name)

☐ Partnership _____

(Name)

(Name)

(Name)

☒ Corporation Catalina Channel Express, Inc.

(Name)

Incorporated in state of California

date 1/21/1981

Principal Officers

<u>Greg Bombard</u>	President
(Name)	(Title)
<u>Lori Bombard</u>	Secretary/Treasurer
(Name)	(Title)
(Name)	(Title)
2. Name of person to whom correspondence should be addressed: Greg Bombard
3. Names of companies under common control with carrier: _____
4. Names of corporations, partnerships or individuals whose property and/or operating authority has been acquired during the year: _____
5. Type of carrier (passenger, or property, or both): Passenger
6. Principal commodities transported (property carriers): _____
7. Location of operations (ports plied between or general territory served):
San Pedro, Long Beach - Catalina Landing,
Long Beach - Queen Mary, Dana Point, Avalon, Two Harbors

SCHEDULE A - CONDENSED COMPARATIVE BALANCE

Line No.	Balance Begin of Year	ASSETS	Balance End-of-Year
1	20,990,370	Cash	19,713,895
2	1,387,758	Other current assets	879,368
3	15,253,210	Transportation property (schedule A-1)	15,338,859
4	7,737,952	Less depreciation reserve (Schedule A-1)	8,615,875
5	7,515,258	Net transportation property	6,722,984
6	204,762	Noncarrier physical property	204,762
7	198,476	Less depreciation reserve	200,148
8	6,286	Net noncarrier physical property	4,614
9	129,546	All other assets and debits	110,039
10	30,029,218	Total Assets	27,430,900
11			
12		LIABILITIES AND CAPITAL	
13	875,902	Accounts payable	585,556
14	1,683,818	Accrued taxes	-
15	1,981,144	Long-term debt	5,151,751
16	4,369,925	All other liabilities and credits	4,468,556
17	11,000	Capital stock	11,000
18	21,107,429	Proprietorship capital	17,214,037
19		Surplus	
20	30,029,218	Total Liabilities and Capital	27,430,900

SCHEDULE B - INCOME STATEMENT

Line No.	Acct. No.	Account	Amount
21		I - WATER-LINE OPERATING INCOME	
22	300	Water-line operating (Schedule B-1)	20,472,855
23	400	Water-line operating (Schedule B-2)	26,056,810
24		Net revenue from water-line operations	(5,583,955)
25		II - OTHER INCOME	
26	502	Income from noncarrier operations	2,712,268
27	503	Dividend income	
28	504	Interest income	109,880
29	505	Income from sinking and other special funds	
30	506	Release of premium on long-term debt	
31	507	Miscellaneous Income	695,511
32	508	Profits from sale or disposition of property	-
33		Total other income	3,517,659
34		Total income	(2,066,296)
35		III - MISCELLANEOUS DEDUCTIONS FROM INCOME	
36	523	Expenses of noncarrier operations	2,823,446
37	524	Uncollectible accounts	
38	525	Losses from sale or disposition of property	
39	526	Maintenance of investment organization	
40	527	Miscellaneous income charges	
41		Total income deductions	2,823,446
42		Ordinary income before fixed charges	(4,889,742)
43		IV - FIXED CHARGES	
44	528	Interest on funded debt	
45	529	Interest on unfunded debt	
46	530	Amortization of discount on long-term debt	
47		Total fixed charges	-
48		Ordinary income before provision for income taxes	(4,889,742)
49		V - PROVISION FOR INCOME TAXES	
50	532	Income taxes on ordinary income	-
51		Ordinary income	(4,889,742)
52	570-90	Extraordinary and prior period items, net	
53		Net income	(4,889,742)

SCHEDULE A-1 - TRANSPORTATION PROPERTY AND DEPRECIATION RESERVE

Line No.	Acct. No.	Account	Trans. Prop. Balance End-of-Year	Reserve Balance End-of-Year	Depr. Rate %
1	141	Line equipment	2,054,073	1,744,698	
2	142	Harbor equipment			
3	143	Miscellaneous floating equipment	2,654,277	1,796,885	
4	144	Building and other structures	7,880,246	2,627,999	
5	145	Office and other terminal equipment	2,452,253	2,178,697	
6	146	Motor and other highway equipment	298,010	267,596	
7	147	Land			
8	148	Public improvements			
9	149	Construction work in progress			
10		Total	15,338,859	8,615,875	

SCHEDULE B-1 - ACCOUNT 300 - WATER-LINE OPERATING REVENUES

Line No.	Acct. No.	Account	Amount
11		I - OPERATING REVENUE - LINE SERVICE	
12	301	Freight revenue	
13	302	Passenger revenue	20,451,382
14	303	Other line service revenues	
15	313	Revenue from towing for regulated carriers	
16		Total operating revenue-line service	20,451,382
17		II - OTHER OPERATING REVENUE	
18	320	Special services	
19	321	Ferry service	
20		Total other operating revenue	
21		III - REVENUE FROM TERMINAL OPERATIONS	
22	331	Terminal operations	
23		IV - RENT REVENUE	
24	341	Charter and other rents	21,473
25		V - MOTOR-CARRIER OPERATIONS	
26	351	Motor carrier revenue	
27		Total water-line operating revenues	20,472,855

SCHEDULE B-2 - ACCOUNT 400 - WATER-LINE OPERATING EXPENSES

Line No.	Acct. No.	Account	Amount
28	401	Maintenance of vessels and other property	3,889,560
29	411	Depreciation and amortization	571,178
30	421	Operation of vessels	6,816,162
31	433	Lay-up expenses	
32	441	Terminal expenses	1,473,897
33	456	Traffic expenses	
34	461	General expenses	
35		General officers salaries	625,218
36		General office employees salaries	4,627,315
37		General offices expenses	2,073,684
38		Total general expenses	7,326,217
39	471	Casualties and insurance	709,228
40	481	Charter and other rents	
41	485	Payroll and other water-line tax accruals	5,270,568
42	491	Motor carrier expenses	
43		Total water-line operating expenses	26,056,810

SCHEDULE C-1 - FLOATING EQUIPMENT

Line No.	Name of Designation of Vessel	Owned (O) Leased (L)	Year Built	Year Purch.	Rated hp	Type of Vessel	Licensed Capacity		
							Pass.	Veh.	Fr.*
1	(a) In operation Cat Express	L	1986	1997	4,500	Passenger	350		
2	Super Express	L	1989	1989	4,500	Passenger	149		
3	Avalon Express	L	1990	1990	4,500	Passenger	149		
4	Islander Express	L	1994	1994	4,500	Passenger	149		
5	Catalina Express	L	1994	1994	4,500	Passenger	149		
6	Starship Express	L	1999	1999	6,220	Passenger	300		
7	Jet Cat Express	L	2001	2001	9,340	Passenger	381		
8	Catalina Jet	L	2001	2001	9,460	Passenger	450		
9	(b) Not in operation AquaBus I	L	1999	1999	230	Passenger	37		
10	AquaBus II	L	1999	1999	230	Passenger	37		
11	AquaLink	L	2001	2001	1,220	Passenger	75		
12	AquaLink II	L	2011	2011	1,220	Passenger	74		
13									
14									
15									
16									
17									
18	(c) Retired during year								
19									
20									
21									
22									
23									
24									
25									
26	*State whether tons (2,000 lbs.) or other units of measure:								

SCHEDULE C-2 - TRAFFIC AND REVENUE

Line No.	Class of Traffic	Volume of Traffic	Revenues
27	Passenger	No. 667,438	
28	Vehicles	No.	\$ 20,451,382
29	Freight	Tons (2,000 lbs.)	
30			
31			
32			

DECLARATION

(Before signing please check to see that all schedules have been completed.)

I, the undersigned (officer, partner or owner) of Catalina Channel Express, Inc.

(Name of Utility)

under penalty of perjury do declare that this report has been prepared by me, or under my direction, from the books, papers and records of the respondent; that I have carefully examined the same, and declare the same to be a complete and correct statement of the business and affairs of the above named, respondent and the operations of its property for the period

From and including January 1 2020 to and including December 31 2020

Signed

Title

Date

[Signature]
President
06.20.2021